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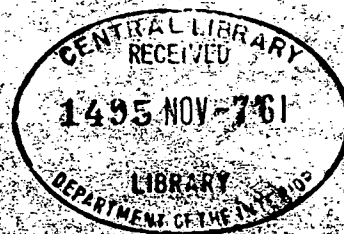
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1959 ANNUAL REPORT
of the COMMISSIONER
U.S. BUREAU OF INDIAN AFFAIRS,
to the
SECRETARY OF THE INTERIOR

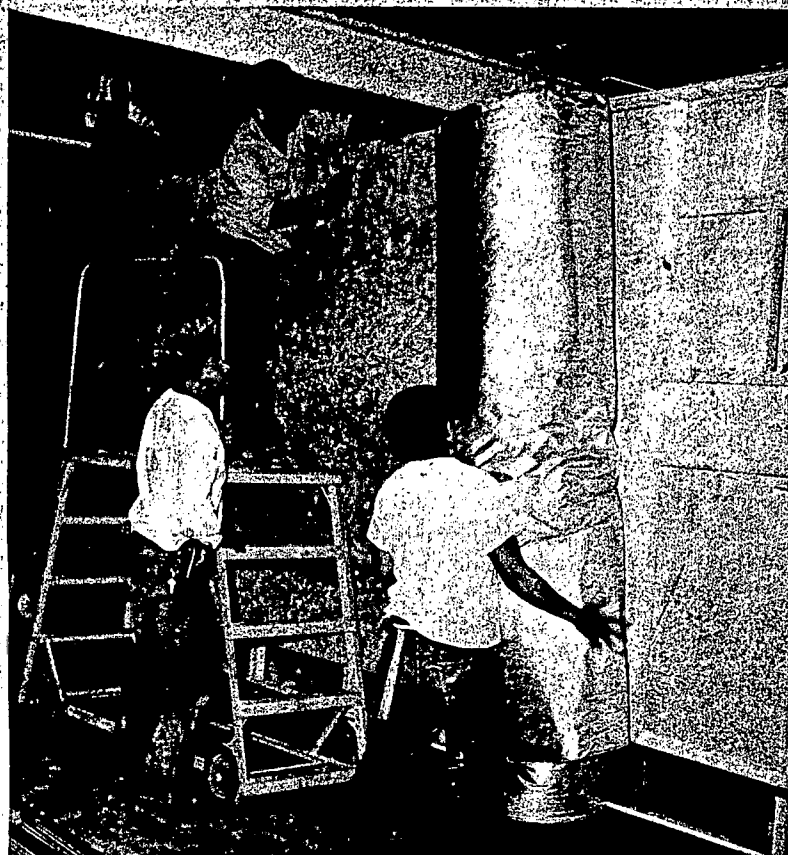
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ANNUAL REPORT OF THE SECRETARY
OF THE INTERIOR

For the Fiscal Year Ended June 30, 1959



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One of the encouraging developments of the year was the establishment of a plant for the manufacture of mobile homes near the Umatilla Reservation in Oregon on land formerly used as the McNary Dam Townsite. Most of the employees are Indians.

(4) Allotting was completed on the Torres-Martinez Reservation in California.

(5) Instructions for the equalization of allotments on the Palm Springs Reservation were approved and the preliminary work on supplemental allotments was in progress at the close of the fiscal year.

(6) A new section was added to the regulations, 25 CFR 121.2a, to assure, insofar as practicable, that Indian applicants for patents-in-fee are informed concerning the disposition of their applications before such information is made available to the general public.

During the year, the Bureau of Indian Affairs processed a total

of 10,976 realty transactions involving acquisitions and disposals, including 2,138 probate inventories. In total 547,763.39 acres of trust or restricted land were sold by their Indian owners. Of this acreage, 97,468.62 acres were acquired either by individual Indians or by tribes. Land sales on the Klamath Reservation in connection with the termination program accounted for 208,463.75 acres. In addition, 23,886.84 acres of fee or non-Indian owned lands were purchased and brought into either tribal or individual Indian ownership. Sales to unrestricted status at the request of Indian owners accounted for 1,335 approved transactions; issuance of patents in fee to Indian owners, removals of restrictions and certificates of competency for 780; exchanges and partitions for 531; purchases for 659; and other miscellaneous transactions for 1,005. In addition, 4,528 applications for various transactions were processed which were either disapproved or withdrawn.

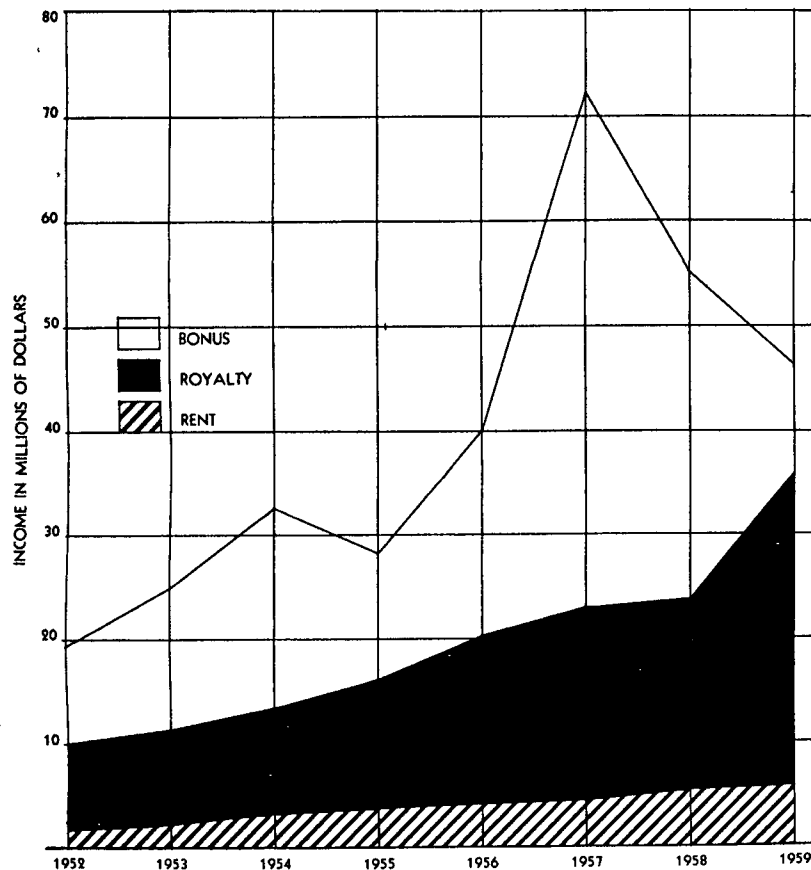
Minerals

There was a reduced demand for new oil and gas leases in fiscal 1959. On the Navajo Reservations, for example, only 109,323 acres were leased as compared with 382,373 acres for 1958. The bonus for Navajo leases for 1959 amounted to \$3,939,512, a decrease of \$23,756,887 from the prior year. Of interest was the Navajo lease sale held January 13, 1959, at which a bonus of \$5,505 per acre was paid for a 160-acre tract.

Although there was some reduction in the leasing of Navajo lands, the number of producing wells drilled on these lands increased from 366 to 771, and the royalty received by Indian owners increased from \$757,846 for the prior year to \$10,496,820. The success ratio of the wildcat wells is regarded as above the national average for the year. Two new pipelines in operation for about a year encouraged the drilling of additional wells in the Aneth (Utah) and Horseshoe Canyon and Bista (New Mexico) areas on the Navajo Reservation. The second producing oil well in the State of Arizona was completed during the year on Navajo tribal land. The first oil well was drilled on Navajo tribal land in 1955.

The total income from bonuses, rentals and royalties on oil and gas leases and prospecting permits in fiscal 1959 amounted to \$46,587,458. In bonus income there was a reduction of almost \$21,000,000 as compared with fiscal 1958. The total rental increased about \$541,000. The royalty income, however, increased by more than 60 percent, advancing from \$18,453,532 in 1958 to \$30,172,382 for 1959.

In the exploration of minerals other than oil and gas, there has been little new development except the issuance of a preferential coal prospecting permit on approximately 85,760 acres of Navajo tribal lands in New Mexico. The permit provides for the selection of acreage for lease. It is contemplated that coal will be processed for two major purposes. One of these involves the production of gas to be mixed with natural gas carried in the lessee's pipelines which already cross the area; the other involves production of liquid hydrocarbon compounds of motor fuels and additional expected byproducts.



INCOME FROM OIL AND GAS OPERATIONS ON INDIAN LAND
FOR FISCAL YEARS 1952-59

A total of 5,285,679 acres was under oil and gas lease at the end of fiscal year 1959, covered by 18,858 individual lease contracts

As the result of restrictions in the purchasing policy of the Atomic Energy Commission, there has been a marked decline in the acquiring of new uranium leases, and authority to shut down operations has been granted on a number of the existing leases. However, leases on 3,041.36 acres of allotted Navajo lands in McKinley County, N. Mex., were recently sold for a bonus of \$19,315.60. While the number of producing uranium leases on Indian lands has declined, there has been very little reduction in the tonnage mined as compared to the prior year. The royalty from the Jackpile uranium mine involving lands of the Laguna Pueblo, N. Mex., amounted to \$1,742,877 for this period.

Due to the poor market for lead and zinc, it has been necessary to grant shutdown permits on the marginal lead and zinc leases covering Quapaw Indian lands in Oklahoma.

The total income to Indian tribes and individuals from minerals other than oil and gas during fiscal year 1959 amounted to \$3,030,004.

At the close of the fiscal year, there were 19,804 subsurface leases of all kinds in force and effect covering 5,459,040 acres of Indian-owned lands.

Records

During fiscal 1959, exploratory studies looking toward development of a modern and improved land records and title system were conducted on a continuing basis. The proposed system, patterned primarily on the Torrens method of recording land title transactions, includes the use of modern electronic data processing equipment in sorting and chronologically listing the great mass of title data affecting Indian lands.

A pilot test of the proposed system covering the Lower Brule Reservation in South Dakota will be installed in the Aberdeen Area Office early in fiscal 1960. The electronically listed title data, assembled from Central Office source title documents, will be audited against existing field records, and the system will be placed on an operating basis for this one reservation as a test of its practicability and overall adoption by the Bureau.

Tenure and Management

In fiscal 1959 the Bureau of Indian Affairs processed 2,120 cases granting rights-of-way over Indian lands for various purposes. Present statutory authority vests the power to grant rights-of-way over or across Indian lands in the Secretary of the Interior. With some exceptions, specifically mentioned by the statute, the grant



Like other American youth, Indian youngsters on reservations have their own 4-H clubs. This is a "soil school" group at Pawnee, Okla.

The number of 4-H clubs has increased steadily with fields of activity being broadened to include greater opportunities for Indian youth training and development. In the State of Arizona alone, more than 25 percent of the State's total 4-H club membership consists of Indian boys and girls living on reservations.

Roads

Appropriations for the 1959 Bureau of Indian Affairs' road program were authorized in the Federal-Aid Highway Act of 1956. The act provided contract authorization of \$12,000,000 for reservation roads which includes \$2,600,000 for maintenance and \$9,400,000 for construction.

The \$2,600,000 road maintenance program provided maintenance on 16,950 miles of reservation roads and bridges in 20 States. The work included surface repairs, blading, repairs to drainage, clearing of right-of-way, and snow removal.

The 1959 road construction program consisted of projects totaling \$9,400,000. To accelerate road construction, this program was started during the last quarter of 1958 fiscal year by an advance of \$2,000,000 from the 1959 authorization. The construction work ac-

complished during the year included 326 miles of grading and draining; 351 miles of surfacing; 2,687 feet of bridges; and 606 miles of surveys and plans for future projects.

During the past several years there has been a continual upgrading of construction standards on Bureau roads. This upgrading has been necessary to provide adequate roads to serve the increasing traffic volumes. Reservation road traffic has been changing in both volume and type. Higher standards have been required on many projects due to heavy truck traffic caused by the development of reservation resources.

Under the established Bureau policy of building roads up to an acceptable standard and transferring them to a local governmental unit for maintenance wherever possible, the Bureau's nationwide road system was reduced by 384 miles during the year.

Credit Activities

Continued progress was made in 1958 in helping the Indians and their organizations obtain financing needed to develop and utilize their resources, both physical and human. The major portion of such financing is now furnished by the same institutions that serve other citizens. Loans through the Bureau of Indian Affairs are made to Indians unable to obtain financing through customary credit sources.

The activities of the Indians the past few years probably have been financed more adequately, and more sources of financing are now available to them, than at any time in their history. As an indication of the progress made, the following tabulation shows the increase in the amount of financing received by them at the close of the past 6 years.

	Customary credit channels ¹	Through Bureau	Total ¹
1953.....	\$22,315,851	\$22,717,974	\$45,033,825
1954.....	27,605,135	21,449,804	49,114,939
1955.....	33,959,658	27,149,686	61,109,344
1956.....	55,725,811	29,981,299	85,687,110
1957.....	59,424,956	30,344,983	89,769,939
1958.....	60,998,783	30,557,150	91,555,933

¹ Figures are as of Dec 31 of preceding calendar year

Total financing in 1958 has more than doubled that of 1953. About 67 percent was furnished by customary lenders and about 33 percent came from tribal funds and loans through the Bureau.

Financing by Customary Financial Institutions

Primary emphasis in the Bureau's credit program is placed on encouraging and helping Indians and their organizations obtain financing from the same institutions that serve other citizens. Bureau personnel assist Indians in dealing with banks, production credit associations, building and loan associations, insurance companies, Federal and State agencies making loans, and other lenders. The trust status of some Indian-owned property, unfamiliarity of some Indians with procedures and requirements of customary lenders, and other such factors make it necessary to give some Indians special assistance.

Many Indians, however, deal with lenders on the same basis as other citizens. Consequently, complete information is not available on all financing furnished Indians by customary lenders. Available data, however, show that financing from these sources increased slightly more than 173 percent over the past 6 years. During 1958 the financing received from customary lenders increased a little less than 3 percent over 1957.

The act of March 29, 1956 (70 Stat. 62-63) authorized the execution and approval of mortgages and deeds of trust on individually owned trust or restricted land. Indians thus are now able to use their land as security for justified financing. The following shows the loans secured by trust land which were outstanding at the end of the past 3 years.

Calendar year	Number of loans outstanding	Balance outstanding
1956.....	86	\$475, 800
1957.....	103	560, 800
1958.....	113	579, 000

Tribal Funds

Tribes with funds of their own available, are now required to use their own moneys to make loans to their members and to finance tribal enterprises, before applying for loans from the United States. The investments of the tribes in these activities total \$21,893,659 at the close of 1958. This was practically the same as the 1957 amount, \$21,875,815.

Revolving Credit Fund

Loans are made by the United States from this fund to tribes, other Indian organizations, and individual Indians. During 1958,

additional amounts loaned totaled \$2,446,614. The amount loaned exceeded the prior year, 1957, by \$244,241 and was the largest in the past 6 years.

Repayments on loans during 1958 were \$1,946,951 which was \$70,181 less than in 1957. Thus the amount of the loans receivable at the close of 1958 was \$8,369,775, an increase of \$468,922 over 1957.

The amount delinquent increased from slightly less than 9 percent of the unpaid balance at the close of 1957 to slightly over 9 percent in 1958. Of the \$769,701 delinquent, \$110,883 was on loans made by the United States to individual Indians, mainly on loans to Navajo and Hopi colonists at the Colorado River Agency in the Phoenix Area. A total of \$44,386 was on loans made to two cooperatives many years ago, which are uncollectible, but on which authority to charge off the debts is lacking. Tribes accounted for the balance, all but \$34,690 of which was in the Juneau Area.

A reserve of \$1,344,343 has been established for potential losses on outstanding loans of \$8,369,775, or slightly more than 16 percent of the unpaid balance. Nearly 84 percent of this reserve was established because of potential losses on loans made in the Juneau Area.

Problem of Alaska Loans

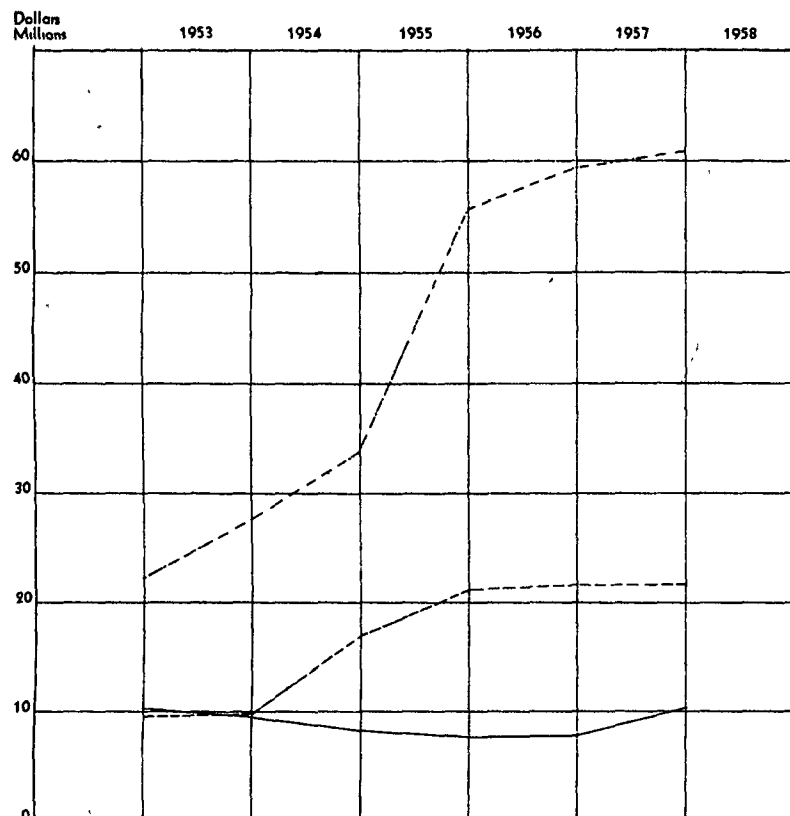
The Bureau is faced with a very critical and perplexing problem on some loans in Alaska. Large losses may be suffered. Four organizations have been declared in default, and are delinquent in payments totaling \$107,202. These, and the loans to four villages for salmon canneries are in critical condition and represent a large potential loss to the United States. The economy of the villages and the welfare of the Natives are vitally affected by credit operations in the Area and every effort is being made to protect and promote both the economy of the Natives and the interest of the United States.

At the close of 1958, there was \$7,314,911 cash in this fund, against which there were outstanding commitments for loans of \$1,430,727. Of the cash balance remaining unobligated, \$1,333,995 was reserved for loans in Oklahoma, exclusive of Osage County, and \$378,587 was reserved for loans to Navajo-Hopi Indians and organizations of these Indians. A balance of \$4,171,602 was available for general credit use.

Since the close of 1958, the demand for loans has greatly increased. Loans to finance the 1959 operations of our Native-owned canneries in Southeastern Alaska total \$973,200. The Bureau is committed to making loans direct by the United States to individual Indians in

SUMMARY OF FINANCING RECEIVED BY INDIANS AND THEIR ORGANIZATIONS

Key --- Customary Credit Channels (non-Bureau)
 — Revolving Credit Fund
 - - - Tribal Funds



six localities including withdrawing members of the Klamath Tribe. A total of \$704,400 was made available for loans to the latter in fiscal year 1959, and it is estimated that over \$1,400,000 will be required in 1960.

Relending

Indian organizations use funds borrowed from the United States to make loans to members and associations of members, and to finance

business enterprises. Tribes use tribal funds for the same purposes. Organizations had cash, totaling \$6,126,402 available for continuation of activities at the close of 1958. Amounts outstanding on loans at June 30, 1958, were as follows: Loans to individuals:

Cash	\$6,137,893	
Livestock	951,138	
Loans to cooperatives		\$7,089,031
Financing of enterprises		782,093
Total		19,027,608
		26,848,732

Loans to individuals.—The total unpaid balance at the close of 1958 was \$7,089,031 as compared with the balance unpaid June 30, 1957 of \$6,383,510. A total of 1,003 loans of \$2,543,276 was approved during 1958, against 1,068 loans of 2,408,999 in 1957. However, advances of \$318,558 had not been completed at the close of the year. There were 3,107 cash loans outstanding at the year's end. Payments totaling \$1,125,022 were delinquent, and \$534,257 was owing on loans in process of liquidation. Nearly 58 percent of the amount delinquent, and over 29 percent of the amount owing on loans in process of liquidation were in the Juneau area.

Potential losses on outstanding loans of \$6,137,893 were estimated at \$382,514, of which nearly 37 percent was in the Juneau Area. Slightly over 10 percent of the unpaid balance in the Juneau Area was estimated to be uncollectible. The comparable percentage for all other areas was about 5 percent.

The total loans made during 1958 include 93 loans for educational purposes amounting to \$63,227 as compared with 164 loans for \$159,847 in 1957. Every possible effort is being made, by utilization of scholarships, grants, etc., to keep worthy Indian boys and girls in school without placing them in debt. Loans for educational purposes are approved only when other types of assistance have been exhausted.

The total of 189 of the unpaid educational loans with a balance of \$87,634 were owing to the United States, and 486 with a balance of \$341,376 were owing to Indian organizations. About 36 percent of the unpaid balance on loans by the United States and 20 percent of loans by Indian organizations were delinquent.

Loans to cooperatives.—The unpaid balance of \$732,093 is a small increase from the \$715,020 unpaid in 1957. The unpaid balance includes \$44,386 owed to the United States by two cooperative associations in Oklahoma, which is uncollectible. All other loans were current.

Financing of enterprises.—A total of \$19,027,608 was invested in tribal enterprises at the close of 1958. The instructions in the

Bureau's manual were undergoing revision at the close of the fiscal year in an attempt to procure more accurate and uniform reports on financing of enterprises. Generally, enterprises are those tribal business activities that are considered to be at least self-sustaining, or which will produce a net income for the organization and promote its economic development. Activities involving welfare or social aspects of tribal activities are not included.

Budget and Finance

Gross receipts from the management of Indian lands and resources during fiscal year 1959 approximated \$80,247,500. Of this amount \$74,070,000 was deposited in the Treasury of the United States for credit to the account of the various Indian tribes. The principal source of income deposited to the tribal trust accounts was from bonus and royalty payments from oil and gas and mineral leases in the amount of \$54,000,000, and from timber sales in the amount of \$11,500,000. The balance of approximately \$8,500,000 deposited to tribal accounts was from leasing of Indian lands for farming, grazing, and from other miscellaneous sources.

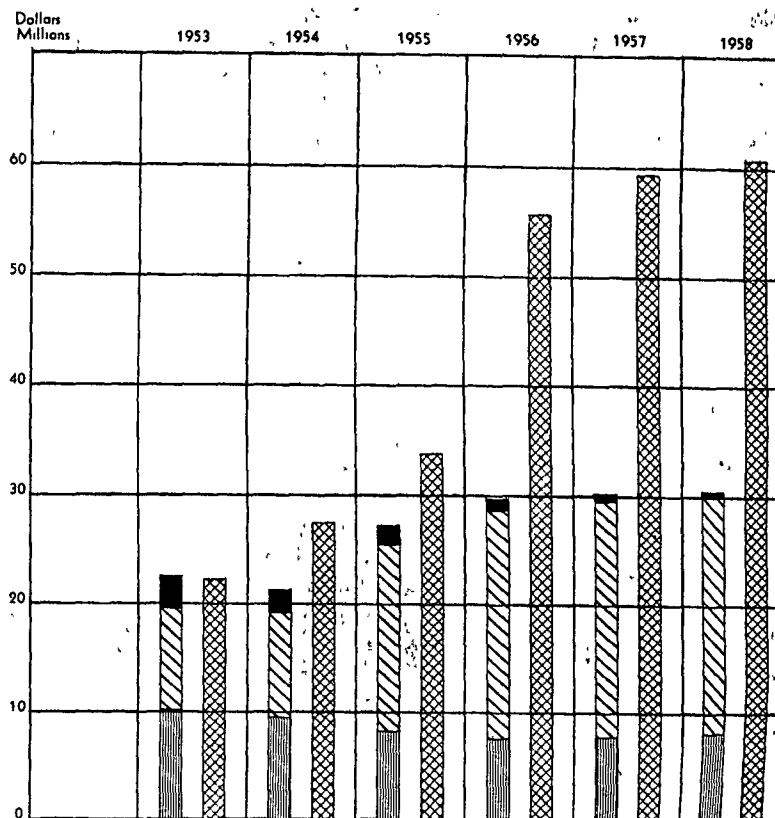
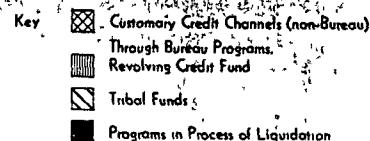
The various Indian tribes used approximately \$65,500,000 of their available funds for the operation of various programs for the benefit of their members. These included the operation of saw mills, tourist accommodations, and farming enterprises; the subjugation of lands; higher education-tuition grants for Indian students; welfare grants to needy members of their tribes; maintaining law and order and the operation of tribal courts; the general support of tribal governments and the many varied resources management programs operated by the tribes. The balance in trust accounts on July 1, 1959, was approximately \$141,753,768.

Personnel

The Bureauwide supervisory training program for some 2,400 supervisors was continued into its second year with major emphasis on personnel management and administration topics. All training materials used were developed within the Bureau. Participation in Departmental training programs was continued.

The Bureau augmented its promotion program and developed training material on this subject which was presented to all supervisors in the Bureau prior to the inception of the new program on January 1, in accordance with the Civil Service promotion program

COMPARATIVE SUMMARY OF FINANCING RECEIVED BY INDIANS AND THEIR ORGANIZATIONS



requirements. The basic soundness of the program is confirmed by acceptance on the part of employees and by the favorable remarks of Civil Service Commission inspectors.

Increasing effort was devoted in fiscal 1959 to developing classification and qualification standards with the Department and the Civil Service Commission. Major emphasis was given to standards for approximately 2,400 jobs in the professional education field. Im-